Stock Update

Mastek Ltd.

April 21, 2026

Mastek Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
IT Consulting & Software	Rs 1759	Hold and add on dips in Rs 1595-1625 band	Rs 2300	Rs 2460	4 quarters

BSE Code	523704
NSE Code	MASTEK
Bloomberg	MAST IN
CMP Apr 21, 2026	1759.0
Equity Capital (Rs Cr)	15.5
Face Value (Rs)	5.0
Equity Share O/S (Cr)	3.1
Market Cap (Rs Cr)	5,452.4
Book Value (Rs)	965
Avg. 52 Wk Volumes	142,054
52 Week High	2,818
52 Week Low	1,334

Share holding Pattern % (March, 2026)	
Promoters	35.8
Institutions	27.0
Non Institutions	37.2
Total	100

* Refer at the end for explanation on Risk Ratings

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Our Take:

Mastek is an IT software company that provides enterprise digital and cloud transformation services to the Government/public sector, health and life science, retail, and financial service sectors. The company's service offerings include Application Development, Oracle Suite & Cloud Migration, Digital Commerce, Application Support & Maintenance, BI & Analytics, Assurance & Testing and Agile Consulting. Mastek has a strong track record in the Government and education, health and life sciences, retail/consumer, manufacturing and technology and financial services verticals, which contributed ~40%, ~23%, ~11% and ~12% and ~14%, respectively, of the revenues in FY26.

The company's 12 months' order backlog was Rs 2,849 crore ($300.4 mn) as on March 31, 2026 vs. Rs 2,291 crore ($264.5 mn) in Q4FY25, reflecting growth of 24.4% YoY in rupee terms and Rs 2,658.5 crore ($295.8 mn) in Q3FY26, reflecting growth of 7.2% QoQ. The company secured 85+ new AI deals for FY26 across AI for Technology, Business and Data. The company added 12 new clients in Q4FY26 and total active clients in Q4FY26 stood at 326 vs. 333 in Q3FY26. Mastek is confident of winning deals and is likely to continue market share gain in these accounts. The company is focused on a few other areas of growth, such as police protection, pension schemes, and biometrics. We expect the company to report revenue growth of ~9% and ~12% for FY27E and FY28E, respectively.

Mastek has built a consistent, predictable revenue stream in the UK's public sector over the past few years. Further, growth momentum in the US business is expected to accelerate due to strong demand for its integrated digital commerce solutions, larger deal sizes, and new client additions. EBITDA margins are expected to remain in the 16-16.5% range, with UK at ~20% and the US and AMEA still at mid-single digit margin. Gains from AI-led delivery efficiency and cost management will help maintain the margin range.

Q4FY26 Result Update:

- Mastek's revenue was inline and net profit was above expectations in Q4FY26, order pipeline and order backlog remain strong, continued strength in the UK and US Order book, improving revenue visibility. Consolidated revenue rose 3.5% QoQ and 3.6% YoY to Rs 938 crore and also delivered revenue growth of 1.4% QoQ and fell 1.1% YoY in US$ terms.
- EBIT was down 1.5% QoQ and 10% YoY to Rs 132 crore and EBIT margin was down 70bps QoQ, impacted by wage hike and continued pressure from lower-margin US and AMEA operations. and it margin increased 80bps YoY to 14.1% in Q4FY26. Net Profit rose 13% QoQ and 46.1% YoY to Rs 130 crore and adj. PAT margin at 13.9% in Q4FY26 vs. 12.7% in Q3FY26 and 9.8% in Q4FY25.
- Its 12-month order backlog was Rs 2,849.2 crore ($300.4 mn) as on 31 st March, 2026, and the company added 12 new clients in Q4FY26.

- As on March 31, 2026, the company had a total of 4,730 employees, of which 3,195 employees were based offshore in India while the rest were at various onsite locations. Employee count as of December 31, 2025 was 4,676. Last twelve months' attrition at 17.4% in Q4FY26 in comparison with 17.6% in Q3FY26.
- The total cash, cash equivalents and fair value of Mutual Funds stood at Rs 938.5 crore as on March 31, 2026 vs. Rs 798.8 crore as on December 31, 2025.

Concall takeaway

- The FCA deal (net new) will fully ramp up by the end of Q1FY27, and Atlas and Biometric (both renewals) are expected to ramp up in the next 1-2 quarters.
- AI-led deals now contribute ~9% of the order book, UK is strong, and US is also contributing to order book growth.
- On a vertical-wise, financial services (+13.2% QoQ), manufacturing (+7% QoQ) led the growth, followed by government (+2.7% QoQ), even as retail (-2.6% QoQ) and healthcare (-7.5% QoQ) were impacted by a timing gap.
- For FY26, the UK delivered strong growth (~11% YoY CC), driven by NHS, while the US and AMEA dragged overall performance.
- The US is undergoing a complete leadership and go-to-market reset, which is expected to yield results in FY27E.

Valuation & Recommendation:

Mastek has a longstanding relationship with the UK government, having worked as a subcontractor to large IT companies on the execution of the UK government's projects in the past. This long-term relationship, experience in Government as well as private projects in various geographies and excellent execution capabilities could help Mastek become a prime beneficiary of the UK government's digital spends. Mastek's established position in technology and technology-enabled services, presence across the verticals and geographies, strong relationship with clients, track record of strong order execution, better hyper-scaler engagement, and sound financials make us have a positive view on the stock.

We had issued a Pick of the Week report (Link) on Mastek on Nov 16, 2025, and recommended to buy in the band of Rs 2210-2260 and add on dips in the band of Rs 2020-2060 for a base case fair value of Rs 2460 and the bull case fair value of Rs 2685 over the next two to three quarters. The stock entered into add-on dips on Dec 30, 2025, and our average price is at Rs 2147.65. Due to weak Q4 exit, macro uncertainty, and AI-led pricing headwinds on renewals, we revised the targets and recommend to hold the stock and add on dips in the band of Rs 1595-1625 (10.5x FY28E EPS) for a revised base case fair value of Rs 2300 (15x FY28E EPS) and revised bull case fair value of Rs 2460 (16x FY28E EPS) over the next four quarters from here on.

Key Risks:

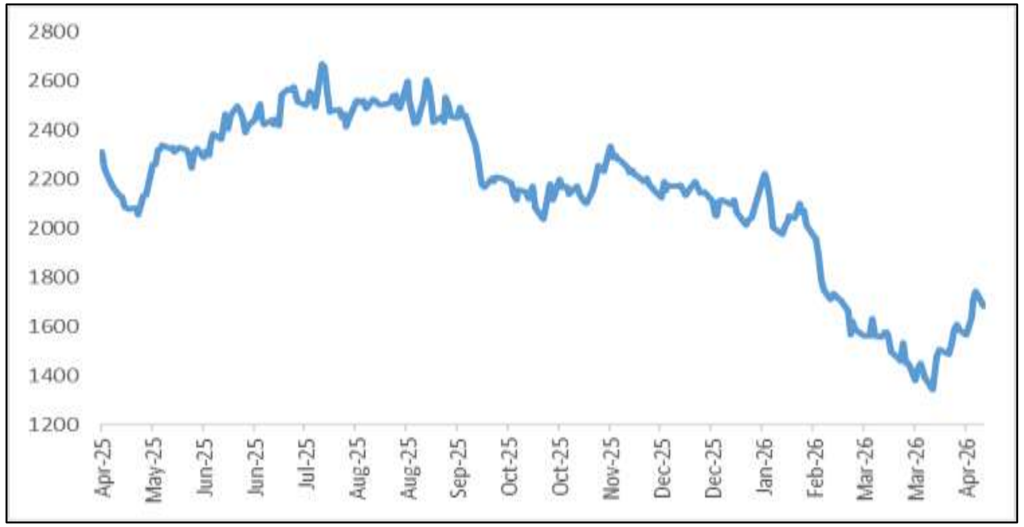
- Indian rupee appreciation against the USD/Euro, and strict immigration norms and rise in visa costs,
- Risk of any changes in the UK Government's policy on IT spending and NHS.
- Margins are susceptible to pricing pressures, wage inflation and INR appreciation against the USD$ and Euro
- Any non-renewal of contracts or higher discounts due to aggressive competition intensity, and
- Promoter holding decreased by ~8.6% from June 30, 2021 to 35.79% as on Sept 30, 2025; further stake sale by promoter in the near future could hit investor sentiment towards the company.

Financial Summary:

Particulars (Rs Cr)	Q4FY26	Q4FY25	YoY-%	Q3FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	938	905	3.6	906	3.5	3055	3455	3699	4038	4513
EBIT	132	120	10.0	134	-1.5	419	471	513	569	651
APAT	130	89	46.1	115	13.0	304	368	434	424	475
Diluted EPS (Rs)	41.9	28.7	46.1	37.1	13.0	98.1	118.7	140.0	136.8	153.2
P/E (x)						17.9	14.8	12.6	12.9	11.5
EV/EBITDA (x)						10.6	9.7	8.3	7.1	5.9
RoE-%						16.1	16.2	15.9	13.4	13.4

(Source: Company, HDFC sec)

One Year Price Chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.
These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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